

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

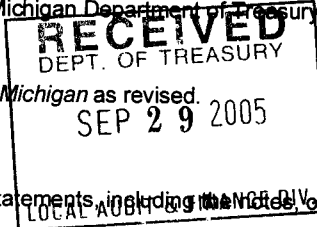
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Allegan Township	County Allegan
Audit Date 3/31/05	Opinion Date 9/21/05	Date Accountant Report Submitted to State: 9/28/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASL GU).			✓

Certified Public Accountant (Firm Name) Angle & Steffes, P.C.			
Street Address 430 Western Ave, Suite B		City Allegan	State MI
Accountant Signature <i>Steven K. Angle CPA</i>		ZIP 49010	Date 9/28/05

ALLEGAN TOWNSHIP
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INDEPENDENT AUDITOR'S REPORT

September 21, 2005

To the Township Board
Township of Allegan
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Allegan, Allegan County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allegan Township, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Allegan as of March 31, 2005 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages 2 and 23 through 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Angle & Steffes, P.C.
Certified Public Accountants

Management's Discussion and Analysis Allegan Township, Allegan County

The Township as a Whole

As a whole, Allegan Township's financial position is very stable. Growth in residential development and commercial activity has diminished somewhat given the current decline in the State's economic climate yet still continues to grow and increase our tax base. Current census updates have targeted Allegan Township as the fastest growing Township in southwestern Michigan on a percentage basis. The Township's combined net assets decreased approximately \$56,000 from a year ago primarily because of an increase in road improvement expenditures.

Governmental Activities

The Township has two Sewer Districts that provide sewer connection from the City of Allegan to approximately 100 residential and commercial parcels. A little more than 1/3 of the possible hookups are active at this time resulting in somewhat of a burden on the General Fund. We have voted mills for Public Safety (.47140), Fire Trucks (.49350), Roads (2.91710) and Township Operating (.85990).

The Township Funds

The Township has four major funds: General, Road, Public Safety and Sewer. The General Fund supports most of the Township's governmental services as well as supplementing Public Safety and Sewer Funds. Public Safety does have a supporting millage but it isn't enough to fully fund itself. Allegan Township, more recently, has combined with two other Townships and the City of Allegan to form a fire district. In doing so, we fully expect to see cost savings. Our Sewer Fund is supported, again, by the General Fund in a varying degree because of the way our bond payments are set up. It is an upward and then downward curve over 20 years starting out with smaller payments, gradually increasing to the midpoint of the amortization and then decreasing to more affordable payments. In 2006 we will begin to see a decrease in our bond payments resulting in a better financial situation for the Township in coming years. We have excellent support in Road Millage Funding at approximately three mills for that fund to pretty much take care of itself. We have excellent roads in Allegan Township compared to other Townships.

General Fund Budgetary Highlights

Our State Revenue did not change appreciably, as anticipated, yet our Board remains cautious in regard to spending. We reduced our support to the local library from our General Fund from \$25,000 to \$5,000. It wasn't necessarily because we could not afford it, but more so because the library board decided on their own to relieve us of our voting right. We have increased our support to the ambulance service to \$4,000 and continued to meet our obligation to the Allegan Recreation Department at \$5,000. In addition, we have made our yearly expenditures on recycling and regular maintenance on the Township Hall. Township Sewer Debt will continue to be somewhat of a burden on the General Fund for the next few years. Overall, we are in good shape.

Outlook for the Coming Year

Allegan Township has experienced very little cutback in State Revenue but continues to remain somewhat cautious. In 2004-05 we were able to maintain what we have, but again, declined to move forward with some expenditures that were not absolutely necessary. Some road building and maintenance occurred but the money in the Road Fund was there to pay for it. No debt was incurred. Therefore, 2005-06 is looking to be a very stable financial year for Allegan Township.

Contacting the Township's Management

To review or assess the Township's financial accountability, copies of the financial report may be obtained by contacting the Allegan Township Clerk.

TOWNSHIP OF ALLEGAN
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 734,857	\$ 175	\$ 735,032
Investments	0	0	0
Receivables - net	188,525	4,731	193,256
Prepays	19,864	0	19,864
Capital assets - net	771,204	1,172,830	1,944,034
 Total Assets	 1,714,450	 1,177,736	 2,892,186
LIABILITIES			
Accounts payable	7,377	0	7,377
Accrued and other liabilities	54,898	0	54,898
Noncurrent Liabilities			
Due within one year	36,480	60,000	96,480
Due in more than one year	79,652	250,000	329,652
 Total Liabilities	 178,407	 310,000	 488,407
NET ASSETS			
Invested in Capital Assets			
Net of related debt	655,072	862,830	1,517,902
Restricted For			
Public works	433,681	0	433,681
Public safety	126,289	0	126,289
Public sewer	0	4,906	4,906
Unrestricted	321,001	0	321,001
 Total Net Assets	 <u>\$ 1,536,043</u>	 <u>\$ 867,736</u>	 <u>\$ 2,403,779</u>

The Notes to Financial Statement are an integral part of this statement.

TOWNSHIP OF ALLEGAN
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
General government	\$ 275,053	\$ 5,935	\$ 0	\$ (269,118)	\$ 0	\$ (269,118)
Public safety	256,495	101,486	0	(155,009)	0	(155,009)
Public works	443,518	0	0	(443,518)	0	(443,518)
Community/Economic development	8,325	0	0	(8,325)	0	(8,325)
Recreation and culture	5,000	0	0	(5,000)	0	(5,000)
Health and welfare	3,500	0	0	(3,500)	0	(3,500)
Debt service	8,539	0	0	(8,539)	0	(8,539)
Total Governmental Activities	1,000,430	107,421	0	(893,009)	0	(893,009)
Business-Type Activities						
Sewer Fund	51,045	10,204	0	0	(40,841)	0
Total Primary Government	\$ 1,051,475	\$ 117,625	\$ 0	(893,009)	(40,841)	(933,850)
General Revenues						
Property taxes				540,247	16,642	556,889
State revenues				295,173	0	295,173
Unrestricted investment earnings				0	0	0
Interest & Rent				28,982	100	29,082
Miscellaneous, fines & forfeits				24,834	0	24,834
Loss on Sale				(27,669)		(27,669)
Transfers				(44,805)	44,805	0
Total General Revenues-Special Items and Transfers				816,762	61,547	878,309
Change in Net Assets				(76,247)	20,706	(55,541)
Net Assets-Beginning				1,612,290	847,030	2,459,320
Net Assets-Ending				\$ 1,536,043	\$ 867,736	\$ 2,403,779

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF ALLEGAN
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 199,136	\$ 332,214	\$ 49,392	\$ 154,115	\$ 734,857
Investments	0	0	0	0	0
Receivables - net	53,960	23,756	3,838	7,365	88,919
Due from other funds	59,307	28,603	4,499	7,197	99,606
Prepays	19,864	0	0	0	19,864
Total Assets	332,267	384,573	57,729	168,677	943,246
LIABILITIES					
Accounts payable	7,377	0	0	0	7,377
Due to other funds	3,889	0	0	51,009	54,898
Total Liabilities	11,266	0	0	51,009	62,275
FUND BALANCES					
Reserved for					
Public works	0	384,573	0	49,108	433,681
Public safety	0	0	57,729	68,560	126,289
Unreserved	321,001	0	0	0	321,001
Total Fund Balances	\$ 321,001	\$ 384,573	\$ 57,729	\$ 117,668	\$ 880,971
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds.					
Debt principal repayments and proceeds of debt are not reported on the statement of activities.					771,204
Net Assets of Governmental Activities					(116,132)
The Notes to the Financial Statements are an integral part of this statement.					\$ 1,536,043

TOWNSHIP OF ALLEGAN
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	\$ 136,488	\$ 295,868	\$ 47,802	\$ 60,089	\$ 540,247
Licenses and permits	0	0	0	54,710	54,710
State aid	291,284	3,889	0	0	295,173
Contributions from Local Units	0	0	0	0	0
Charges for services	5,935	0	46,776	0	52,711
Fines & Forfeits	0	0	0	0	0
Interest and rentals	26,439	1,382	155	1,006	28,982
Other revenue	13,101	0	0	11,733	24,834
Total Revenues	473,247	301,139	94,733	127,538	996,657
Expenditures					
Current					
General government	253,898	0	0	0	253,898
Public safety	0	0	173,435	54,710	228,145
Public works	32,514	402,505	0	8,499	443,518
Recreation and cultural	5,000	0	0	0	5,000
Community/Economic development	8,325	0	0	0	8,325
Health & welfare	3,500	0	0	0	3,500
Capital outlay	4,967	0	14,686	0	19,653
Debt Service	0	0	0	53,636	53,636
Total Expenditures	308,204	402,505	188,121	116,845	1,015,675
Excess of Revenues Over (Under) Expenditures	165,043	(101,366)	(93,388)	10,693	(19,018)
Other Financing Sources (Uses)					
Transfers in	0	0	102,622	53,636	156,258
Transfers (out)	(180,600)	0	0	(20,463)	(201,063)
Proceeds from Sale of Assets	51,331	0	0	0	51,331
Total Other Financing Sources (Uses)	(129,269)	0	102,622	33,173	6,526
Excess of Revenue and Other Sources Over (Under) Expenditures & Other Uses	35,774	(101,366)	9,234	43,866	(12,492)
Fund Balance - April 1, 2004	285,227	485,939	48,495	73,802	893,463
Fund Balance - March 31, 2005	\$ 321,001	\$ 384,573	\$ 57,729	\$ 117,668	\$ 880,971

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2005**

	Agency Fund (Property Tax Collection Fund)
ASSETS	
Cash and cash equivalents	\$ 223,453
Total Assets	<u>\$ 223,453</u>
LIABILITIES	
Accounts payable	\$ 0
Due to other governmental units and schools	156,165
Due to other funds	45,083
Due to individuals	<u>22,205</u>
Total Liabilities	<u>\$ 223,453</u>

**TOWNSHIP OF ALLEGAN
 PROPRIETARY FUND STATEMENT OF NET ASSETS
 MARCH 31, 2005**

	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 175
Investments	0
Receivables - net	1,199
Due from other governments	3,157
Due from other funds	<u>375</u>
Total Current Assets	4,906
Noncurrent Assets	
Capital Assets - net	<u>1,172,830</u>
Total Noncurrent Assets	<u>1,172,830</u>
Total Assets	<u>1,177,736</u>
LIABILITIES	
Current Liabilities	
Accounts payable	0
Due to other funds	0
Current portion of noncurrent liabilities	<u>60,000</u>
Total Current Liabilities	<u>60,000</u>
Noncurrent Liabilities	
Bonds, notes and loans payable	<u>250,000</u>
Total Noncurrent Liabilities	<u>250,000</u>
Total Liabilities	<u>310,000</u>
NET ASSETS	
Invested in capital assets - net of related debt	862,830
Restricted for debt service	0
Unrestricted	<u>4,906</u>
Total Net Assets	<u>\$ 867,736</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN
 PROPRIETARY FUND STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS
 MARCH 31, 2005**

	<u>Sewer Fund</u>
Operating Revenues	
Tax revenue	\$ 16,642
Charges for services	10,204
Other	<u>0</u>
Total Operating Revenues	<u>26,846</u>
Operating Expenses	
Public works	<u>51,045</u>
Total Operating Expenses	<u>51,045</u>
Operating Income (Loss)	<u>(24,199)</u>
Nonoperating Revenues (Expenses)	
Interest and investment revenue	<u>100</u>
Total Nonoperating Revenue (Expense)	<u>100</u>
Income (Loss) Before Contributions & Transfers In (Out)	(24,099)
Transfers In (Out)	<u>44,805</u>
Change in Net Assets	20,706
Total Net Assets - Beginning April 1, 2004	<u>847,030</u>
Total Net Assets - Ending March 31, 2005	<u><u>\$ 867,736</u></u>

**TOWNSHIP OF ALLEGAN
 PROPRIETARY FUND STATEMENT OF CASH FLOWS
 YEAR ENDED MARCH 31, 2005**

		<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 20,706	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Decrease in accounts receivable	24,872	
Depreciation	<u>28,261</u>	
Net cash provided (used) by operating activities		73,839
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of capital debt	<u>(75,000)</u>	
Net cash provided (used) by capital and related financing activities		<u>(75,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(1,161)
Balances - Beginning of the year		<u>1,336</u>
Balances - End of the year		<u><u>\$ 175</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Allegan, Allegan County, Michigan is a general law municipal Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Allegan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

The government reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the government reports the following non-major fund types:

The Miner Lake Improvement Special Assessment (Paving Projects), Building Inspection, Fire Equipment and Debt Service Funds are Special Revenue Funds of the Township. The Miner Lake, Special Assessment, Fire Equipment and Building Inspection Funds are used to account for proceeds of special purpose programs. The Debt Service Fund is used to account for debt repayments of the governmental funds.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Allegan does have one enterprise fund, the Sewer Fund.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating revenue items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Sidewalks	20 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 07 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements for the effect of the inclusion of capital assets and long term debts.

Capitalized Asset Costs	\$	1,421,759
Less Accumulated Depreciation		(650,555)
Capital Assets - net		771,204
Less Short Term debt		(36,480)
Less Long Term debt		(79,652)
Net Adjustments		655,072
 Governmental Fund Balances		 880,971
		<hr/>
Net Assets of Governmental Activities	\$	1,536,043

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENT
MARCH 31, 2005**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - Elections	\$ 9,750	\$ 10,127

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENT
MARCH 31, 2005**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash & cash equivalents	<u>\$ 734,857</u>	<u>\$175</u>	<u>\$223,453</u>	<u>\$ 958,485</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 958,485
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>\$ 958,485</u>

The book balance of the primary government's deposits is \$958,485 of which \$100,000 is covered by federal depository insurance.

ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor and business funds, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			Non-Major Government		Business		Total
	General Fund	Road Fund	Fire Fund	Funds and Other	Activities Total	Type	Government	
Charges receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 939	\$ 939	
Taxes receivable	9,297	23,756	3,838	7,365	44,256	260	44,516	
State revenues receivable	44,663	0	0	0	44,663	0	44,663	
Due from other funds	59,307	28,603	4,499	7,197	99,606	375	99,981	
Due from other governments	0	0	0	0	0	3,157	3,157	
Less: allowance for uncollecti	0	0	0	0	0	0	0	
Net Receivables	<u>\$ 113,267</u>	<u>\$ 52,359</u>	<u>\$ 8,337</u>	<u>\$ 14,562</u>	<u>\$ 188,525</u>	<u>\$ 4,731</u>	<u>\$ 193,256</u>	

**TOWNSHIP OF ALLEGAN
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 206,383	0	\$ 79,000	\$ 127,383
Subtotal	<u>206,383</u>	<u>0</u>	<u>79,000</u>	<u>127,383</u>
Capital Assets Being Depreciated				
Buildings, additions and improvements	459,949	0	0	459,949
Improvements other than buildings	93,850	0	0	93,850
Equipment	127,954	4,967	0	132,921
Furniture and equipment	38,369	0	0	38,369
Fire equipment	554,601	14,686	0	569,287
Sewer equipment	<u>1,413,042</u>	<u>0</u>	<u>0</u>	<u>1,413,042</u>
Subtotal	<u>2,687,765</u>	<u>19,653</u>	<u>0</u>	<u>2,707,418</u>
Less Accumulated Depreciation for				
Buildings	115,071	11,624	0	126,695
Improvements other than buildings	35,853	3,753	0	39,606
Equipment	119,657	5,152	0	124,809
Furniture and equipment	35,665	624	0	36,289
Fire equipment	294,804	28,352	0	323,156
Sewer equipment	<u>211,951</u>	<u>28,261</u>	<u>0</u>	<u>240,212</u>
Subtotal	<u>813,001</u>	<u>77,766</u>	<u>0</u>	<u>890,767</u>
Net Capital Assets Being Depreciated	<u>1,874,764</u>	<u>(58,113)</u>	<u>0</u>	<u>1,816,651</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 2,081,147</u>	<u>\$ (58,113)</u>	<u>\$ 79,000</u>	<u>\$ 1,944,034</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

General government	\$ 21,153
Public safety	28,352
Public works	0
Sewer	<u>28,261</u>
Total Governmental Activities	<u>\$ 77,766</u>

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 8,404	Tax	\$ 8,404
General	30,283	Fire equipment	30,283
General	20,620	Special Assessment	20,620
Road	24,714	Tax	24,714
Road	3,889	General	3,889
Fire	4,499	Tax	4,499
Sewer	105	Debt Service	105
Fire equipment	4,711	Tax	4,711
Miner Lake	1,321	Tax	1,321
Special Assessment	1,165	Tax	1,165
Sewer	270	Tax	270
Total	<u>\$ 99,981</u>		<u>\$ 99,981</u>

Interfund Transfers

<u>Transfers In</u>		<u>Transfers (Out)</u>	
Sewer	\$ 44,805	General Fund	\$ 44,805
Fire	102,622	General Fund	102,622
Debt Service	33,173	General Fund	33,173
Debt Service	20,463	Fire Equipment	20,463
Total	<u>\$ 201,063</u>		<u>\$ 201,063</u>

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 8 - SEWER FUND DEBTS

SEWER BONDS: Allegan Township issued \$665,000 of special assessment bonds in August of 1995 to provide funds for the construction of a sewer pipeline to serve residential and commercial developments. The bonds have a stated rate of interest varies from 4.25% to 6.10% and are payable in variable installment amounts of principle and interest on May 1 and interest only on November 1 of each year.

The special assessment bond sewer fund requirements to maturity, are as follows:

<u>Year ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 60,000	\$ 17,975
2007	50,000	14,675
2008	25,000	11,875
Thereafter	<u>175,000</u>	<u>42,075</u>
TOTAL	\$310,000	\$ 86,600

During the year ending March 31, 2005, the following changes occurred in sewer debt:

	<u>Balance April 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2005</u>
Sewer bonds	\$385,000	\$ 0	\$75,000	\$310,000

NOTE 9 - EQUIPMENT AND REAL PROPERTY - COMMERCIAL LOANS

Allegan Township borrowed from local banks the following loans to be repaid by tax levies and special assessments:

<u>Purpose</u>	<u>Total Principal and Interest Requirements</u>	
Township Hall 5.4669%, \$1,552.00/month matures 2008	2006	\$18,624
	2007	18,624
	2008	<u>10,864</u>
		\$48,112
Land for Development Property, 5.36%, \$2,557.86/quarter, matures 2014	2006	10,231
	2007	10,231
	2008	10,231
	Thereafter	<u>61,390</u>
		\$ 92,083

Total Debt Requirements \$140,195

**ALLEGAN TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 10 - SPECIAL PAVING PROJECTS/SPECIAL ASSESSMENT FUND

The paving project on Clyde/Meade Road was a special assessment voted by the 21 property owners.

As of March 31, 2005, the following plan applies to the project:

Cash on hand	\$16,108
Tax Receivable 2003	1,164
Tax Receivable 2004	<u>3,347</u>

Total Cash	\$20,619
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Repayment to General Fund for early payoff of bank debt incurred for project	\$20,619
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NOTE 11 - SUBSEQUENT EVENT

The Township of Allegan entered into an agreement to form a fire district with the Townships of Trowbridge and Valley along with the City of Allegan subsequent to March 31, 2005. The terms of the operating agreement are incomplete as of the audit report.

REQUIRED SUPPLEMENTAL & ADDITIONAL INFORMATION

TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	285,227	285,227	285,227	(0)
Resources (Inflows)				
Taxes and penalties	140,050	140,050	136,488	(3,562)
Licenses and permits	0	0	0	0
State aid	290,000	290,000	291,284	1,284
Contributions from local government	0	0	0	0
Charges for services	24,900	24,900	5,935	(18,965)
Interest and rentals	6,500	6,500	26,439	19,939
Miscellaneous revenues	8,400	8,400	13,101	4,701
Proceeds from Sale of Assets	0	0	51,331	51,331
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	755,077	755,077	809,805	54,728
Charges to Appropriations (Outflows)				
General Government				
Township board	64,205	74,058	44,921	29,137
Supervisor	30,780	30,791	27,776	3,015
Elections	8,250	9,750	10,127	(377)
Assessor	23,550	23,550	23,502	48
Clerk	38,480	42,930	39,742	3,188
Board of review	2,600	2,600	1,458	1,142
Treasurer	31,160	34,998	33,561	1,437
Building and grounds	77,650	87,467	72,811	14,656
Public Safety	0	0	0	0
Public Works	34,200	35,152	32,514	2,638
Recreation and culture	30,000	30,000	5,000	25,000
Health and welfare	3,500	3,500	3,500	0
Community/Economic development	18,000	25,049	8,325	16,724
Capital outlay	4,790	4,970	4,967	3
Transfers to other funds	212,108	227,062	180,600	46,462
Total Charges to Appropriations	579,273	631,877	488,804	143,071
Budgetary Fund Balance-March 31, 2005	<u>\$ 175,804</u>	<u>\$ 123,200</u>	<u>\$ 321,001</u>	<u>\$ 197,799</u>

**TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 485,939	\$ 485,939	\$ 485,939	\$ 0
Resources (Inflows)				
Taxes and penalties	292,497	292,497	295,868	3,371
State aid	0	0	3,889	3,889
Interest	600	600	1,382	782
Miscellaneous	0	0	0	0
Transfers In	0	0	0	0
Amounts Available for Appropriation	<u>779,036</u>	<u>779,036</u>	<u>787,078</u>	<u>8,042</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>465,000</u>	<u>465,000</u>	<u>402,505</u>	<u>62,495</u>
Total Charges to Appropriations	<u>465,000</u>	<u>465,000</u>	<u>402,505</u>	<u>62,495</u>
Budgetary Fund Balance-March 31, 2005	<u>\$ 314,036</u>	<u>\$ 314,036</u>	<u>\$ 384,573</u>	<u>\$ 70,537</u>

**TOWNSHIP OF ALLEGAN
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 48,495	\$ 48,495	\$ 48,495	\$ 0
Resources (Inflows)				
Taxes and penalties	46,100	46,100	47,802	1,702
Charges for service	41,800	41,800	46,776	4,976
Interest and rentals	100	100	155	55
Transfers from other funds	<u>61,555</u>	<u>71,555</u>	<u>102,622</u>	<u>31,067</u>
Amounts Available for Appropriation	<u>198,050</u>	<u>208,050</u>	<u>245,850</u>	<u>37,800</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	183,050	189,912	173,435	16,477
Capital outlay	<u>15,000</u>	<u>18,138</u>	<u>14,686</u>	<u>3,452</u>
Total Charges to Appropriations	<u>198,050</u>	<u>208,050</u>	<u>188,121</u>	<u>19,929</u>
Budgetary Fund Balance-March 31, 2005	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57,729</u>	<u>\$ 57,729</u>

TOWNSHIP OF ALLEGAN
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
March 31, 2005

	Miner Lake Fund	Special Revenue Funds				Total Non-Major Governmental Funds
		Special Assessment Fund	Building Permit Fund	Debt Service Fund	Fire Equipment Fund	
Assets						
Cash and cash equivalents	\$ 47,786	\$ 16,108	\$ 0	\$ 106	\$ 90,115	\$ 154,115
Investments	0	0	0	0	0	0
Receivables - net	0	3,347	0	0	4,018	7,365
Due from other funds	1,322	1,164	0	0	4,711	7,197
Total Assets	\$ 49,108	\$ 20,619	\$ 0	\$ 106	\$ 98,844	\$ 168,677
Liabilities and Fund Equity						
Liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to other funds	0	20,619	0	106	30,284	51,009
Total Liabilities	0	20,619	0	106	30,284	51,009
Fund Balance						
Reserved	49,108	0	0	0	68,560	117,668
Unreserved	0	0	0	0	0	0
Total Fund Equity	49,108	0	0	0	68,560	117,668
Total Liabilities and Fund Equity	\$ 49,108	\$ 20,619	\$ 0	\$ 106	\$ 98,844	\$ 168,677

The Notes to the Financial Statements are an integral part of this statement.

ALLEGAN TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	Miner Lake Improvement Fund	Special Assessment Fund	Building Permit Fund	Debt Service Fund	Fire Equipment Fund	Total Non-Major Governmental Funds
Revenues						
Taxes and penalties	\$ 0	\$ 10,046	\$ 0	\$ 0	\$ 50,043	\$ 60,089
Licenses and permits	0	0	54,710	0	0	54,710
State aid	0	0	0	0	0	0
Other revenue	457	11,823	0	0	459	12,739
Total Revenues	457	21,869	54,710	0	50,502	127,538
Expenditures						
Current						
Public works	8,499	0	0	0	0	8,499
Public safety	0	0	54,710	0	0	54,710
Debt Service						
Principal	0	0	0	45,096	0	45,096
Interest	0	0	0	8,540	0	8,540
Total Expenditures	8,499	0	54,710	53,636	0	116,845
Excess of Revenues Over (Under) Expenditures	(8,042)	21,869	0	(53,636)	50,502	10,693
Other Financing Sources (Uses)						
Operating transfers in	0	0	0	53,636	0	53,636
Operating transfers (out)	0	0	0	0	(20,463)	(20,463)
Total Other Financing Sources (Uses)	0	0	0	53,636	(20,463)	33,173
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(8,042)	21,869	0	0	30,039	43,866
Fund Balance - April 1, 2004	57,150	(21,869)	0	0	38,521	73,802
Fund Balance - March 31, 2005	\$ 49,108	\$ 0	\$ 0	\$ 0	\$ 68,560	\$ 117,668

The Notes to the Financial Statements are an integral part of this statement.

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

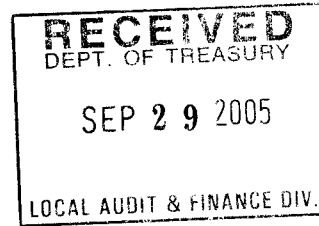
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September 21, 2005

In planning and performing our audit of the Financial Statements of the Township of Allegan for the year ended March 31, 2005, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion of the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Bank Deposits

As of the audit date, the balances of cash accounts exceeds the levels of federal deposit insurance. The maximum insurable balance is \$200,000 in each bank, \$100,000 for each demand and savings account types. The Township holds funds on deposit with only one bank as of the audit date. Insured demand deposit accounts total \$100,000, while uninsured demand deposit accounts total \$858,485. We recommend that cash balances are spread among savings accounts and several local banks to stay within the insurable limits.

Fire Fund Payroll

Currently, the General Fund is paying payroll tax liabilities for all W-2 employees, and those transfers supporting the Fire Fund payroll taxes remain unrecorded. The payroll accounting system and procedures should be adjusted so that the Fire Fund cash balance is accountable for all fire payroll related disbursements. If the General Fund is still required to support the payroll expense, it should be recorded in the budget and general ledger as a transfer. We are aware that the Township will be a member of a new fire board, and many changes will occur.

Sewer Fund

The Sewer Fund is the only enterprise, or for-profit, fund of the Township. All sewer related transactions should be deposited into this fund. Sewer taxes collected, hook-up fees and sewer usage charges should be recorded, as well as all related sewer disbursement expenditures including debt payments. If hook-up fees, sewer usage and taxes collected are not enough to pay the debt payments, then the General Fund should budget and record the transfers necessary to support this operation of the Township. The Board needs to monitor and plan ahead for the Sewer Fund's financial needs. In the coming fiscal years, the bond principal requirements are to rise sharply before falling below the current levels. The following details the principal requirements of the Sewer fund:

As paid in	2005	\$ 75,000
Required in	2006	60,000
	2007	50,000
	2008-2015	25,000 annually

Debt Service Fund

The General Fund and special revenue funds of the Township hold debt with local banks. The debt payments for these loans should be paid and recorded in the Debt Service Fund. (This excludes the enterprise Sewer Fund debt, as is explained above.) Procedures should be implemented to process debt payments in the following manner: 1) Prior to payment due dates, deposit principal and interest requirements for debt payments from the fund that is responsible for the debt into the Debt Service Fund cash account. 2) As debt payments are due, pay them directly from the Debt Service Fund cash account. The Township must budget the transactions in the two affected funds: the transfers out to Debt Service in the originating fund and with the transfers in and debt payments paid out in the Debt Service Fund.

Building Permit Fund

A separate special revenue fund is recommended to keep track of all building permit activity. Revenues would be posted to a separate building permit cash account and all expenses paid from this separate account. Allocation of deputy clerk wages and any other expense relating to building permit fund activity that are paid by the General Fund should occur in order to insure a proper accounting for this fund.

Tax Collection Accounting


As of the audit date, the tax collection fund contains monies from 2003 and 2004 Industrial Facilities Taxes collections due to the State of Michigan and local school district, 2003 delinquent tax monies due to the township funds, and tax tribunal refunds. We recommend that payment procedures be re-evaluated so that funds are remitted timely.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all the Township employees and officials.

Respectfully submitted,



Angle & Steffes, P.C.
Certified Public Accountants